

Message Text

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11

ACTION SEC-01

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

FRB-01 XMB-04 CIAE-00 INR-07 NSAE-00 L-02 /034 W

----- 019244

R 141906Z MAY 75

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 6729

UNCLAS NASSAU 804

E. O. 11652: N/A

TAGS: BBAK BF EFIN

SUBJ: BAHAMAS COMMONWEALTH BANK (BCB) LOSES FIGHT AGAINST
LIQUIDATION PETITION

PASS SEC

1. A PETITION TO PUT THE BAHAMAS COMMONWEALTH BANK (BCB) INTO LIQUIDATION WAS APPROVED BY JUSTICE SAMUEL GRAHAME ON MAY 13, THREE MONTHS AFTER HEARINGS WERE COMPLETED. THE PETITION WAS PRESENTED BY VARIOUS COMPANIES COMPRISING INVESTORS OVERSEAS SERVICES (IOS) FUNDS; FUND OF FUNDS LTD.; FUND OF FUNDS PROPERTY FUNDS LTD.; IOS GROWTH FUNDS LTD.; VENTURE FUNDS LTD. AND OVERSEAS DEVELOPMENT BANK (LUXEMBOURG). THOSE OPPOSING THE PETITION (BCB) ARGUED THAT THE BANK WAS STILL WILLING AND ABLE TO MEET ITS OBLIGATIONS TO DEPOSITORS.

2. IN HIS JUDGMENT GRAHAME FOUND THAT (A) WITH THE LOSS OF ITS BANKING LICENSE (REVOKED JUNE 1974) THE BASE OF THE COMPANY HAD GONE AS BANKING WAS ITS PRINCIPLE BUSINESS; (B) CAPITAL OF THE COMPANY HAD BEEN WHOLLY LOST, AND TO MEET LIABILITIES OF MILLIONS OF DOLLARS, IT HAD ONLY \$600,000 IN ASSETS; (C) DUE TO COMBINATION OF FACTS CONCERNING BANK OPERATIONS, GRAHAME STATED "IT WAS JUST AS EQUITABLE THAT THE BANK BE WOUND UP."

3. PROVISIONAL LIQUIDATORS ROY KEMP AND D. A. JONES (OF PEAT, MARWICK AND MITCHELL) WILL CONTINUE TO ACT UNTIL THE SUPREME
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COURT APPOINTS PERMANENT LIQUIDATORS.

4. COPY OF MAY 14 NASSAU GUARDIAN ARTICLE WILL BE POUCHED TO
SEC.
WEISS

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NNN

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